شركة الاردن لتطوير المشاريع السياحية

للادراج
بورصة عمان
السيد
السيد
السيد خالد

إشارتنا: ز أ – س ش/2019/114
التاريخ: 2019/08/26

السادة هيئة الأوراق المالية المحترمين

الموضوع: البيانات المالية للربع الثاني المنتهي في 2019/06/30
(باللغة الإنجليزية)

تحية طيبة وبعد،

نرفق لكم طياً البيانات المالية المدققة للربع الثاني المنتهي بتاريخ 2019/06/30 باللغة الإنجليزية، لشركة الأردن لتطوير المشاريع السياحية المساهمة العامة المحدودة.

وتفضلوا بقبول فائق الاحترام،،،

شركة الأردن لتطوير المشاريع السياحية

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٢٦ آب ٢٠١٩
الرقم المتسلسل: ٤٠٣٥
الجهة المختصة:

شركة الاردن لتطوير المشاريع السياحية
Projects for Tourism Development

شركة الاردن لتطوير المشاريع السياحية
شارع زهران، عمارة رقم ١٨٨
عمان، الأردن
ص.ب: ٩٤١٢٩٩
عمان ١١١٩٤ – الأردن
هاتف: ٥٥٢٣٥٠٠٢٠٦٢٦٩+ – فاكس: ٦٠٢٣٥١٠٢٠٦٢٦٩+
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JORDAN PROJECTS FOR TOURISM
DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2019
TOGETHER WITH THE REVIEW REPORT

JORDAN PROJECTS FOR TOURISM
DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
JUNE 30, 2019

TABLE OF CONTENTS

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Review Report

AM/ 007634

To the Chairman and members of the Board of Directors
Jordan Projects for Tourism Development Company
(A Public Shareholding Limited Company)
Amman - Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim financial position of Jordan Projects for Tourism Development Company (A Public Shareholding Limited Company) as of June 30, 2019 and the related condensed consolidated interim statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial statements are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Material Uncertainty related to Going Concern

We draw your attention to Note (16) to the condensed consolidated interim financial statements, which indicates that the Group has incurred a loss of JD 1,233,116 for the six-month period ended June 30, 2019, and that the accumulated losses, plus the period's loss, amounted to approximately JD 20.9 million. This is equivalent to 68% of the Company's paid-up capital (JD 19.7 million, which is equivalent to 64% of the paid-up capital as of December 31, 2018). In addition, the Company suffers from a deficit in its quick ratio as of June 30, 2019, as stated in Note (15) to the condensed consolidated interim financial statements. Moreover,most of the banks' credit facilities have been rescheduled several times the last of which was during the first quarter of 2019. These events and conditions, in addition to the other matters stated in Note (15) to the condensed consolidated interim financial statements, indicate the existence of a material uncertainty and cast significant doubt about the Group's ability to continue as a going concern, which depends on the success of the Management's plan stated in Note (16) to the condensed consolidated interim financial statements and the Group's ability to provide the necessary liquidity to implement future projects.

Deloitte.

Emphasis of Matters
We draw your attention to the following:

1. As stated in Note (12) to the condensed consolidated interim financial statements, which refers to the tax status of the Group, the Income and Sales Tax Department - Aqaba Economic Zone Authority (ASEZA) issued an order for the seizure of the bank accounts of Moon Beach for Tourism Investments Company on October 29, 2017 because the Company did not pay the tax amounts it owed to the Income and Sales Tax Department.

2. As stated in Note (14) to the condensed consolidated interim financial statements, all the plots of land owned by the Group are subject to restrictions under the agreement with Aqaba Special Economic Zone Authority.

3. As started in Note (12) to the condensed consolidated interim financial statements, Jordan Hotels Holding AG (subsidiary) has not taken any tax provisions for the previous years and for the current period, as revenues have not exceeded the accumulated losses from previous years. However, there are risks related to the adequacy of the Company's tax provisions resulting from the Company's transactions with the parent company and the existence of direct cash flows between its subsidiaries and the parent company. The final result of the Company's tax liability cannot be predicted, and management believes that there is no need to take any tax provisions.

4. As stated in Note (18) to the condensed consolidated interim financial statements, the Company adjusted the beginning balance of accumulated losses in the condensed consolidated interim statement of changes in shareholders' equity for the period ended June 30, 2018, as a result of the amendments to the approach and system of the initial application of IFRS (9). These amendments had no material effect on the income for the six-month period ended June 30, 2018.

Our conclusion is not qualified in respect of these matters.

Other Matters
The accompanying condensed consolidated interim financial statements are a translation of the condensed consolidated interim financial statements in the Arabic language to which reference should be made.

Amman-Jordan.
July 30, 2019

Deloitte & Touche (Middle East) - Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)
010103

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY
(A PUBLIC SHAREHOLDING COMPANY)
AMMAN - JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2019 (Reviewed not Audited)	December 31, 2018
ASSETS		JD	JD
Non-Current Assets:			
Investment property - net		3,166,505	3,210,179
Property and equipment - net		80,228,748	80,782,514
Other debit balances (non-current)		1,070,000	1,070,000
Leased assets- finance lease		5,059,895	5,114,497
Right-of-use assets - net	2-B	4,191,205	-
Total Non-Current Assets		93,716,353	90,177,190
Current Assets:			
Projects, lands available for sale, and project pending delivery	7	20,997,779	21,324,612
Projects under construction - net	8	45,827	56,902
Other debit balances (current)		484,497	811,848
Inventory		724,510	616,147
Accounts receivable - net	6	3,119,766	1,953,098
Cash on hand and at banks		361,956	627,101
Due from related parties	13	148,183	502,513
Total Current Assets		25,882,518	25,892,221
TOTAL ASSETS		119,598,871	116,069,411
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Subscribed and paid-up capital	9	30,500,000	30,500,000
Share premium	9	29,719,600	29,719,600
Statutory reserve	9	2,394,160	2,394,160
Voluntary reserve	9	1,527,192	1,527,192
Foreign currency translation differences		156,519	156,519
Accumulated (losses)	16	(19,657,010)	(19,657,010)
Loss for the period		(1,233,116)	-
TOTAL SHAREHOLDER'S EQUITY		43,407,345	44,640,461
Non-Current Liabilities:			
Long-term loans	10	26,976,716	17,928,725
Accounts payable current		2,507,856	469,787
Shareholder's loan	11	7,378,192	7,216,819
Lease liability-finance lease-long term		2,022,738	2,338,143
Lease liability	2-B	3,534,303	-
Total Non-Current Liabilities		42,419,805	27,953,474
Current Liabilities:			
Accounts payable-snort term		11,872,985	9,536,357
Other credit balances		2,115,113	5,663,113
Other provisions		6,070,812	7,079,015
Short-term loans	10	10,025,670	19,292,229
Deferred revenue		1,136,173	285,000
Lease liability-finance lease-short term		800,000	800,000
Lease liability	2-B	757,067	-
Income tax provision	12	350,157	274,156
Due to related parties	13	643,744	545,606
Total Current Liabilities		33,771,721	43,475,476
TOTAL LIABILITIES		76,191,526	71,428,950
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		119,598,871	116,069,411

Chief Executive Officer — Chairman

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended on June 30,		For the Six-Month Period Ended on June 30,	
		2019	2018	2019	2018
		JD	JD	JD	JD
Revenue		4,952,204	4,381,233	8,830,330	8,965,777
Cost of revenue		(2,311,509)	(2,413,357)	(3,924,729)	(5,201,577)
Gross Profit	5	2,640,695	1,967,876	4,905,601	3,764,200
General and administrative expenses		(144,333)	(202,842)	(372,924)	(469,176)
Employees' expenses		(1,167,144)	(1,067,875)	(2,319,315)	(2,080,231)
Depreciation of property and equipment and investment property and leased assets- finance lease		(641,539)	(387,239)	(1,278,850)	(801,212)
Borrowing costs		(921,370)	(1,107,865)	(1,930,709)	(2,119,712)
Other income-net		3,585	1,246	29,513	8,765
Provision for termination of the management of Oryx Hotel		(54,215)	-	(90,431)	-
Provision for expected credit losses-net	13 & 6	-	-	(100,000)	-
Other provisions		-	-	-	(2,410)
(Loss) for the Period before Income Tax		(284,321)	(796,699)	(1,157,115)	(1,699,776)
Income tax expense	12	(38,843)	-	(76,001)	(6,181)
Net (Loss) for the Period		(323,164)	(796,699)	(1,233,116)	(1,705,957)
Comprehansive Income Items for the Period:					
Foreign currency translation differences		-	-	-	-
Comrehensive (Loss) for the Period		(323,164)	(796,699)	(1,233,116)	(1,705,957)
(Loss) per Share for the Period Attributable to Shareholders	4	(0.01)	(0.03)	(0.04)	(0.06)

Chief Executive Officer

Chairman

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(REVIEWED NOT AUDITED)

	Paid-up Capital	Share Premium	Reserves		Foreign currency Translation Differences	Accumulated (Losses)	(Loss) for the Period	Total
			Statutory	Voluntary				
	JD	JD	JD	JD	JD	JD	JD	JD
For the Six-Month Period Ended on June 30, 2019								
Balance - beginning of the period	30,500,000	29,719,600	2,394,160	1,527,192	156,519	(19,657,010)	-	44,640,461
Total comprehensive (loss) for the period	-	-	-	-	-	-	(1,233,116)	(1,233,116)
Balance - End of the Period	30,500,000	29,719,600	2,394,160	1,527,192	156,519	(19,657,010)	(1,233,116)	43,407,345
For the Six-Month Period Ended on June 30. 2018								
Balance - beginning of the period	30,500,000	29,719,600	2,394,160	1,527,192	154,928	(12,540,955)	-	51,754,925
Effect of adopting IFRS (9) (note18)	-	-	-	-	-	(849,046)	-	(849,046)
Adjusted Beginning Balance	30,500,000	29,719,600	2,394,160	1,527,192	154,928	(13,390,001)	-	50,905,879
Total comprehensive (loss) for the period	-	-	-	-	-	-	(1,705,957)	(1,705,957)
Balance - End of the Period	30,500,000	29,719,600	2,394,160	1,527,192	154,928	(13,390,001)	(1,705,957)	49,199,922

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN PROJECTS FOR TOURISM DEVELOPMENT COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(REVIEWED NOT AUDITED)

	For the Six-Month Period Ended on June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:	JD	JD
(Loss) for the period before tax	(1,157,115)	(1,699,776)
Adjustments for:		
Depreciation of property and equipment and property investments	539,234	746,610
Depreciation of leased assets-finance lease	54,602	54,602
Amortization of right of use assets	456,676	-
Borrowing costs	1,930,709	2,119,712
Interest on Lease Liability	54,834	-
Provision for termination of the Oryx Hotel management agreement	90,431	-
Provision for expected credit losses	100,000	-
Provision expenses	-	2,410
Net Cash Flows from Operating Activities before Changes in Working Capital	2,069,371	1,223,558
Decrease in projects, lands available for sale, and project Bending delivery	326,833	418,921
Decrease in projects under construction	11,075	-
(Increase) in inventory	(108,363)	(19,497)
(Increase) in accounts receivable and other debit balances	(950,662)	(1,806,518)
(Increase) Decrease in due from related parties	(45,670)	6,661
Increase (Decrease) in due to related parties	98,138	(776,190)
(Decrease) in due to banks	-	(4,853)
(Decrease) in lease liability- financial lease	(315,405)	(131,115)
(Decrease) Increase in accounts payable, other credit balances, and various provisions	(271,937)	2,105,438
Increase in deferred revenue	851,173	649,294
Net Cash Flows from Operating Activities	1,664,553	1,665,699
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) of property and equipment	(152,898)	(166,930)
Disposal of property and equipment	211,104	-
Sale of investment property	-	183,307
Net Cash Flows from Investing Activities	58,206	16,377
CASH FLOWS FROM FINANCING ACTIVITIES:		
Shareholder's loan	161,373	94,058
Loans	(218,568)	462,269
Borrowing costs	(1,930,709)	(2,119,712)
Net Cash Flows (used in) Financing Activities	(1,987,904)	(1,563,385)
Net (decrease) Increase in Cash	(265,145)	118,691
Cash and balances at banks - beginning of the period	627,101	476,647
Cash and Balances at Banks - End of the Period	361,956	595,338

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

1. General

a. Jordan Projects for Tourism Development Company was established during the year 2000, in accordance with the Jordanian Companies Law Number (22) for the year 1997. It was registered at the Ministry of Industry and Trade as a Public Shareholding Limited Company under number (339) on June 15, 2000 with a paid-up capital of JD 7,000,000, divided into 7,000,000 shares at a par value of JD 1 per share. This capital has been increased several times to become JD 30.5 million. On February 16, 2001, the Company was registered and licensed at Aqaba Special Economic Zone Authority under No. (1101021601) so as to be able to provide its services.

The Group performs all its commercial activities in Aqaba Special Economic Zone except for some administrative activities which are performed in Amman. The address of its head office is Zahran Street 179, P.O Box (941299) Amman – Jordan.

b. The Group's main objectives are the following:

- Construct, build, purchase, sell, lease, rent, manage, and furnish hotels of all types, including outlets and showrooms.

- Construct, sell, participate in, and manage entities, projects, tourist hotels and villages, villas, beach cabins, apartments, and all other related activities.

- Construct, establish, participate in, and manage travel and tourism agencies and offices and provide services relating to the tourism sector, in addition to selling traditional handicrafts of all kinds.

c. The accompanying condensed consolidated interim financial statements have been approved by the Company's Board of Directors on July 28, 2019.

2. Significant Accounting Policies

a. Basis of Preparation of the Condensed Consolidated Interim Financial Statements:

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

- The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for financial assets and financial liabilities, which are presented at fair value at the date of the condensed consolidated interim financial statements.

- The financial statements of the subsidiary are prepared using the same accounting policies of the Group. If the subsidiary follows accounting policies that differ from those of the Group, the necessary adjustments are made to the financial statements of the subsidiary to conform to the accounting policies adopted by the Group.

- The condensed consolidated interim financial statements are stated in Jordanian Dinar, which represents the functional currency of the Group.

- The condensed consolidated interim financial statements do not include all the information and explanations required for the annual financial statements, which are prepaid according to the International Financial Reporting Standards and should be read in conjunction with the Group's annual report as of December 31, 2018. The results for the six-month period ended June 30, 2019 are not necessarily indicative of the expected results for the year ended December 31, 2019.

- The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2018, except for the effect of the adoption of the new and revised standards which are applied on or after January 1, 2019 as follows:

a. Amendments with no material effect on the Group's condensed consolidated interim financial statements:

Annual improvements to IFRSs issued between 2015 and 2017
Improvements include amendments to IFRS (3) Business Combinations, (11) Joint Arrangements, International Accounting Standards (12), Income Taxes and (23) Borrowing Costs.

IFRIC (23) Uncertainty on the Treatment of Income Tax
The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- Whether the tax treatment should be considered in aggregate;
- Assumptions regarding the procedures for the examination of tax authorities;
- Determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

Amendments to IFRS (9) "Financial Instruments".
These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

Amendments to IAS (28) "Investment in Associates and Joint Ventures".
These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) *"Financial Instruments"* to long-term interests in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

Amendments to IAS (19) "Employee Benefits".
These amendments relate to adjustments to plans, reductions, or settlements.

b. Amendments that have affected the Group's condensed interim financial statements:
Effect of Application of IFRS (16) "Leases"

The Group has adopted IFRS (16), "Leases", which replaces the existing guidelines on leases, including IAS (17) "Leases" , IFRIC (4) "Determining whether an arrangement contains a lease "and the interpretation of the previous Interpretations Committee (15)" Operational leases – incentives " and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS (16) was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. Moreover, IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's financial position, unless the term is 12 months or less, or the lease is for low-value assets. Thus, the classification required under IAS (17) "Leases" into operating or finance leases has been cancelled for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, the right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs which are amortized over the useful life of the asset.

The Group has adopted the simplified and permitted method under IFRS (16). During the first-time application of IFRS (16) to operating leases individually (for each contract lease separately), the right of use of the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first-time application.

The right-of-use assets have been measured at an amount equal to the lease obligations, after being adjusted by any lease due payments or prepayments that relate to a lease contract recognized in the statement of financial position as of December 31, 2018. No adjustments to retained earnings, as at January 1, 2019, have resulted under this method. There were no low leases that required an adjustment to the right-of-use assets at the date of the initial application.

The recognition of right-of-use assets relates to leased properties, which include rented apartments, cabanas, and villas as of June 30, 2019 and January 1, 2019.

The movement on the right-of-use assets and lease liabilities during the period is as follows:

	Right-of-Use Assets	Liabilities
	JD	JD
Balance as of January 1, 2019	4,647,881	4,236,536
Interest during the period	-	54,834
Amortization for the period	(456,676)	-
Balance as of June 30, 2019	4,191,205	4,291,370

The Group's leasing activities and related accounting treatment mechanism:
The Group leases real estates for use in its activities and usually leases for fixed periods ranging from one year to thirty years. Some of these leases may include extension options, and the lease terms are negotiated on an individual basis. Moreover, the lease contracts may contain a different set of terms and conditions, and they do not include any pledges, and may not be used as collateral for borrowing purposes.

Up to the end of the financial year 2018, real estate leases were classified as either operating or financial, and the amounts paid for operating lease contracts are credited to the statement of income according to the straight-line method during the lease period.

Starting from January 1, 2019, leases as right-of-use assets and related obligations are recognized on the date when the asset is ready for use by the Group. Moreover, the value of each rental payment is distributed between the leasing obligations and the financing costs, which are credited to the income statement during the lease period to achieve a fixed periodic interest rate on the remaining balance of the obligation for each period. In addition, the right-of-use assets are amortized during the productive life of the asset or the lease term, whichever is shorter according to the straight-line method.

The assets and liabilities arising from the leases are initially measured on the basis of the present value, and the lease obligations include the net present value of the following rental payments:

- Fixed payments (including in-substance fixed payments) minus lease incentives receivable;
- Variable lease payments based on index or rate;
- Amounts expected to be paid by the lessee under residual value guarantees;

- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee's exercise of this option.

The lease payments are discounted using the implicit lease interest rate, or, if that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of comparable value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- Amount of initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and return costs (renovation and restoration).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In applying IFRS (16) for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract contains a lease at the initial application date. Instead, for contracts entered into before the transition date, the Group, in its assessment, relied on the application of IAS (17) "Lease Contracts" and IFRIC (4) "Determining Whether an Arrangement Contains a Lease".

c. Basis of Consolidation of the Financial Statements

The accompanying condensed consolidated interim financial statements include the financial statements of the Company and its controlled companies (the subsidiary companies). Control is achieved when the Company has the ability to control the financial and operational policies of the subsidiary entity to obtain benefits from its activities.

Transactions, balances, revenues and expenses between the Company and its subsidiaries are eliminated upon preparation of the condensed consolidated interim financial statements.

The accompanying condensed consolidated interim financial statements include the financial statements of the Company and the following directly and indirectly owned subsidiary companies:

Company's Name	Ownership	Activity Nature	Country of Origin and Work Location
	%		
Aqaba Gulf Constructions *	100	Constructing and contracting	Jordan – Aqaba Special Economic Zone
Tala Beach for Services and Maintenance*	100	Garbage collection and recycling	Jordan – Aqaba Special Economic Zone
Jordan Hotels Holding AG	100	Operating and managing hotels	Switzerland
Amwaj Al Aqaba for Managing Projects and Logistics Services	100	Managing projects and logistics services	Jordan - Amman
Tala Beach for Investments*	100	Purchasing lands and constructing projects	Jordan – Amman
Jordan Golden Beach – BVI*	100	Touristic investments	Virgin British Islands
Jordan Hotel I BVI*	100	Touristic investments	Virgin British Islands
Jordan Hotel II BVI *	100	Touristic investments	Virgin British Islands
Jordan Hotel IV BVI*	100	Touristic investments	Virgin British Islands
Moon Beach for Tourism Investments	100	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Golden Coast for Tourism Hotels	100	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Jordan Union for Touristic Projects	60	Operating and managing hotels	Jordan – Aqaba Special Economic Zone
Sama Al Aqaba Company	100	Operating and managing hotels	Jordan – Aqaba Special Economic Zone

* These subsidiaries did not conduct any trading activities for the 6-month period ended June 30, 2019. On April 21, 2011, a decision was taken to liquidate Aqaba Gulf Constructions Company. However, on March 27, 2016, the voluntary liquidation procedures were stopped, and a compulsory liquidation decision was issued. In addition, Aqaba Gulf Constructions was still under liquidation as of the date of the condensed consolidated interim financial statements.

The most significant financial information regarding the subsidiary companies for the period ended June 30, 2019 is as follows:

	June 30, 2019		For the Six-Month Period Ended June 30, 2019	
	Total Assets	Total Liabilities	Total Revenue	Total Expenses
Company's Name	JD	JD	JD	JD
Aqaba Gulf Constructions	17,817	718,934	-	-
Tala Beach for Maintenance and Services	2,018,743	1,670,025	1,257,450	1,349,500
Jordan Hotels Holding AG	275,433	107,382	25,240	21,089
Amwaj Al Aqaba for Managing Projects and Logistics Services	1,448,675	190,932	2,100,928	1,272,842
Tala Beach for Investments	500	4,740	-	-
Jordan Hotel I BVI	22,500,000	22,493,763	-	-
Jordan Hotel II BVI	7,500,000	7,495,402	-	-
Jordan Hotel IV BVI	3,545	1,631	-	-
Jordan Golden Beach – BVI	5,679,543	5,683,088	-	-
Moon Beach for Tourism Investments	24,357,241	26,713,465	3,271,848	3,052,020
Golden Coast for Tourism Hotels	14,001,168	9,535,464	1,875,988	1,875,988
Jordan Union for Touristic Projects	500	494,250	-	75,000
Sama Al Aqaba Company	86,000	210,592	-	-

- The subsidiaries' results of operations are consolidated in the consolidated statement of income effective from the date of their acquisition - i.e. the date on which actual control over the subsidiary is assumed by the Company. Moreover, the operating results of the disposed-of subsidiaries are consolidated in the condensed consolidated interim statement of income up to the effective date of their disposal – i.e. the date on which the Company loses control over the subsidiary.

3. Significant Accounting Judgments and Key Sources of Estimation Uncertainty

Preparation of the accompanying condensed consolidated interim financial statements and the application of accounting policies require from the Group's management to perform judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities, and to disclose contingent liabilities. These judgments, estimates, and assumptions also affect revenues, expenses, provisions, and expected credit losses. In particular, this requires the Group's management to issue significant estimates and assessments of the amounts and timing of future cash flows. The aforementioned estimates are necessarily based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The Group's management believes that the estimates used in the condensed consolidated interim financial statements are reasonable and consistent with those used in preparing the consolidated financial statements for the year 2018, except for the following:

Options for extending and terminating lease contracts

- Extending and Terminating Options are included in a number of lease agreements. These terms are used to increase operational flexibility in terms of contract management. Most of the extending and terminating options are exercisable by both the Group and the Lessee.

- When determining the tenancy contract duration, the Group's management takes into account all the facts and conditions that create an economic incentive to exercise the option of extension or not to exercise the option of termination. The extension options (or periods following termination options) are included only in the term of the tenancy contract if the lease contract reasonably confirms that the lease agreement is extended (or not finalized). The assessment is reviewed in the case of an important event or a significant change in the circumstances affecting the evaluation that are under the control of the lessee.

Lease Payments Discount

Rental payments are discounted using the Group's incremental borrowing rate (IBR). The Group's management has applied judgments and estimates to determine the incremental borrowing rate at the inception of the lease.

4. (Loss) per Share for the Period Attributable to Shareholders:

This item consists of the following:

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2019	2018	2019	2018
	JD	JD	JD	JD
(Loss) for the period	(323,164)	(796,699)	(1,233,116)	(1,705,957)
	Share	Share	Share	Share
Weighted average number of shares	30,500,000	30,500,000	30,500,000	30,500,000
	JD/Share	JD/Share	JD/Share	JD/Share
(Loss) per share for the period attributable to shareholders – (Basic and Diluted)	(0.01)	(0.03)	(0.04)	(0.06)

5. Operating Segment Results:

a. The following is analysis for the revenues, operating results, assets and liabilities of the sectors:

	Sector Revenue		Cost of Revenue		Operating Sector's Results	
	For the Six-Month Period ended June 30		For the Six-Month Period ended June 30		For the Six-Month Period ended June 30	
	2019	2018	2019	2018	2019	2018
	JD	JD	JD	JD	JD	JD
Hotels	5,147,836	4,923,084	(1,359,866)	(1,661,659)	3,787,970	3,261,425
Investment projects	945,000	875,000	(767,615)	(661,333)	177,385	213,667
Assets and properties' management	1,831,544	1,698,364	(1,022,698)	(1,803,376)	808,846	(105,012)
Operations management	905,950	1,469,329	(774,550)	(1,075,209)	131,400	394,120
	8,830,330	8,965,777	(3,924,729)	(5,201,577)	4,905,601	3,764,200
Less:						
General, adminstrative, and employees' expenses					(2,692,239)	(2,549,407)
Financing expenses					(1,930,709)	(2,119,712)
Depreciation and amortzation					(1,278,850)	(801,212)
Provision expenses					(190,431)	(2,410)
Other revenues					29,513	8,765
(Loss) for the period before income tax					(1,157,115)	(1,699,776)
Income tax expense					(76,001)	(6,881)
(Loss) for the period after income tax					(1,233,116)	(1,706,657)

	2019	2018
Sector's Assets as of June 30, 2019 and December 31, 2018	JD	JD
Hotels	76,719,555	73,863,862
Investments projects	-	1,941,788
Assets and properties' management	2,392,441	2,787,494
Operations' management	11,734,657	11,060,108
Land development	20,997,779	21,324,612
Undistributable assets	7,754,439	5,091,547
Total Sectors' Assets	119,598,871	116,069,411
Sector's Liabilities as of June 30, 2019 and December 31, 2018		
Hotels	38,216,110	35,114,324
Assets and properties' management	6,495,680	1,975,972
Operations management	1,670,025	1,819,737
Undistributable liabilities	29,809,711	32,518,917
Total Sectors' Liabilities	76,191,526	71,428,950
Net	43,407,345	44,640,461

6. Accounts Receivable - Net

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Customers trade receivable	4,119,343	2,911,243
Checks under collection	79,176	294,817
Others	10,844	136,635
	4,209,363	3,342,695
Less: Provision for expected credit loss	(1,089,597)	(1,389,597)
	3,119,766	1,953,098

The movement on the account of the expected credit loss provision is as follows:

	For the Six-Month Period ended June 30, 2019	For the Year-Ended December 31, 2018
	JD	JD
Balance - beginning of the period / year	1,389,597	562,229
Effect of adopting IFRS (9)	-	849,046
Adjusted Balance	1,389,597	1,411,275
(Excess) expected credit loss provision for the period / year	(300,000)	(21,678)
Balance – End of the Period / year	1,089,597	1,389,597

The aging of trade receivables is as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Not due receivables	1,136,173	643,125
Less than 30 days	607,315	581,624
31 days – 60 days	295,717	298,788
61 days – 90 days	456,439	203,865
91 days – 120 days	166,233	118,818
121 days – 150 days	326,292	110,067
151 days – 180days	163,195	75,654
More than 180 days	967,979	879,302
	4,119,343	2,911,243

7. Projects and Lands Available for Sale

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Lands available for sale	20,997,779	20,997,779
Apartments and villas available for sale	-	1,056,449
	20,997,779	22,054,228
Less: Allowance for impairment of Phase-three villas	-	(729,616)
	20,997,779	21,324,612

8. Projects under Construction

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Golf course	322,581	322,581
Recreation center	180,786	180,786
Land improvements	42,460	42,460
Website improvements	-	11,075
	545,827	556,902
Less: Impairment loss	(500,000)	(500,000)
	45,827	56,902

9. Capital and Reserves

a. Paid-up Capital

The Company's capital is JD 30.5 million, divided into 30.5 million shares at a nominal value of JD 1 per share.

b. Statutory Reserve

The statutory reserve represents the amounts collected in this account and appropriated from profit before tax at a rate of 10%, and it is not distributable as dividends to shareholders. This deduction may not be discontinued before the aggregate amount of this account equals one quarter of the authorized share capital. However, based on the General Assembly's approval, the Company may continue such deductions until the statutory reserve reaches the authorized and paid-up capital of the Company. In addition, the Company shall continue to deduct the same percentage for each year, provided that the deducted amounts do not exceed the paid-up capital.

c. Voluntary Reserve

The voluntary reserve represents the amounts collected in this account and appropriated from annual profit before tax at no more than 20%. This reserve is used for the purposes determined by the Board of Directors, and the General Assembly of Shareholders is entitled to distribute it in full or in part as dividends to shareholders.

d. Share Premium

This item represents the premium of 2,500,000 shares issued for private placement during the year 2006 at JD 3.5 per share, in addition to JD 21 million, representing 9 million premium shares issued during the year 2015 at a price of JD 3.33 per share after deducting the expenses related to increasing paid-up capital.

10. Loans

This item consists of the following:

	Short Term		Long Term	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	JD	JD	JD	JD
Invest Bank - (a)*	744,323	1,682,026	10,677,383	9,856,688
Jordan Kuwait Bank –JD- (b)**	526,272	14,486,386	14,315,767	-
Jordan Kuwait Bank–USD-(b)***	73,736	2,030,107	1,983,566	-
Bank Audi – JD – (c)****	4,365,268	500,304	-	4,039,696
Bank Audi – USD – (c)*****	4,316,071	593,406	-	4,032,341
	10,025,670	19,292,229	26,976,716	17,928,725

* The Group has credit facilities from Invest Bank consisting of a loan drawn from the bank in the name of Jordan Projects for Tourism Development Company and Moon Beach for Tourism Investments Company for a total amount of JD 12,960,000. The balance of this loan as of June 30, 2019 amounted to JD 11,421,706 (JD 11,538,714 as of December 31, 2018), and the loan bears interest at a rate of 9.75%. The loan will be repaid in 27 equal quarterly installments beginning from February 28, 2019. The objective of these loans is to build and develop buildings.

The Group has signed a loan structuring agreement with Invest Bank during the first quarter of 2019. According to the agreement, the loan is to be repaid in quarterly installments after a grace period until November 15, 2019, and the loan bears interest at an annual rate of 9.75%. The first installment is due on February 15, 2020.

** The Group has credit facilities from Jordan Kuwait Bank consisting of a loan drawn from Jordan Kuwait Bank in the name of Jordan Projects for Tourism Development Company and Golden Coast for Tourism Hotels for an amount of JD 13,678,600. Moreover, the balance of this loan as of June 30, 2019 amounted to JD 14,842,039 (JD 14,486,386 as of December 31, 2018), and the loan bears interest of 10.5%. The loan is to be repaid in 96 equal monthly installments, starting from January 31, 2019. The aim of these loans is to develop and build 10 villas and operate the hotel.

*** The Group has credit facilities from Jordan Kuwait Bank consisting of a loan in US dollars drawn from Jordan Kuwait Bank in the name of Golden Coast for Tourism Hotels for USD 3,600,000, which is equivalent to JD 2,548,800. Moreover, the balance of this loan as of June 30, 2019 amounted to USD 2.90 million, which is equivalent to JD 2,057,302 (USD 2.8 million, which is equivalent to JD 2,030,107 as of December 31, 2018). The loan bears interest at a rate of 6%, and is to be repaid in 96 equal monthly installments, starting from 31 January 2019. The objective of these loans is to operate the hotel.

During the first quarter of 2019, the Group signed an agreement to structure its outstanding loans with Jordan Kuwait Bank (Jordanian Dinars and US Dollars) to repay the loan in quarterly installments after a grace period until November 15, 2019. Under this agreement, the annual interest rate is 11% for Jordan Projects for Tourism Development Company, 10% on the JD loan to Golden Coast for Tourism Hotels Company, and 6% on the US dollar loan for Golden Coast for Tourism Hotels. The first installment is due on February 15, 2020.

**** The Group has credit facilities from Bank Audi consisting of a loan of JD 7,500,000 drawn from Bank-Audi in the name of Moon Beach for Tourism Investment Company. The balance of this loan as of June 30, 2019 amounted to JD 4,365,268 (JD 4,540,000 as of December 31, 2018), and the loan bears interest at a rate of 9%. The loan is to be repaid in 15 equal semi-annual installments, starting from January 31, 2019. The objective of these loans is to operate the hotel.

***** The Group has credit facilities from Bank Audi consisting of a loan in US dollars of USD 10,600,000, which is equivalent to JD 7,504,800. The balance of this loan as of June 30, 2019 amounted to USD 6,096,145, which is equivalent to JD 4,316,071 (USD 6,533,541 which is equivalent to JD 4,625,747 as of December 31, 2018). The loan bears interest at a rate of 5.5%, and is to be repaid in 15 equal semi-annual installments, starting from 31 January 2019. The objective of these loans is to operate the hotel.

As of June 30, 2019, the loans and installments to Bank Audi were not rescheduled, and accordingly, the Group reclassified the short – term loan balance.

The movement on all of the bank facilities is as follows:

	For the Six-Month Period Ended June 30,	
	2019	2018
	JD	JD
Balance – beginning of the period / year	37,220,954	35,791,319
Bank loans and bills of acceptance received (interest)	1,465,106	2,692,654
Bank loans and bills of acceptance paid	(1,683,674)	(1,263,019)
Balance at the End of the Period / Year	37,002,386	37,220,954

Guarantees for credit facilities

a. Invest Bank

The Group has provided the following mortgages for the facilities granted by Invest Bank:

- A first-degree mortgage of JD 12 million and a second-degree mortgage of JD 3 million on plot of land No. 210, which was previously No. 140 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group under Mortgage Bonds Nos. 262/2009 and 240/2010.

- A first-degree mortgage of JD 1,687 thousand on properties located on plot of land No. 21 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group under Mortgage Bonds Nos. 225, 226, 227, 243, 242, 241, 240, 239, 238, 237, 236, 235, 234, 232, 230, 229, 231, 228/2017.

- First-degree mortgage of JD 1,095 thousand on all the warehouses located on plot of land No. 11 – Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group.

- A first-degree mortgage of JD 144 thousand on Store No. 103 located on plot of land No. 48 - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group.

b. Jordan Kuwait Bank

The Group has provided the following mortgages for the facilities granted by Jordan Kuwait Bank:

- First-degree mortgages of JD 19,684 thousand under the debt insurance bonds Nos. 108 and 109 of February 15, 2016, and debt security bonds Nos. 625, 626, 627, and 628 as of 30 December 2013, and bond No. 174 dated 19 April 2012.

c. Bank Audi

The Group has provided the following mortgages for the facilities granted by Bank Audi:

- Plot of land No. 31 and its construction - Ras Al-Yemeni Basin No. 2 - the village of the southern coast of the land of Aqaba, owned by the Group and amounting to JD 16.5 million, in addition to the personal guarantee of three shareholders. The Group has also issued a fire insurance policy on the mortgaged property.

11. Shareholder's Loan

This item consists of the following:

	June 30, 2019	December 31, 2018
	JD	JD
Abu Jaber Brother's Company*	7,378,192	7,216,819
Presented in the consolidated financial position within:		
Current Liabilities	-	-
Non-Current Liabilities	7,378,192	7,216,819
	7,378,192	7,216,819

* This amount represents the loan granted by Abu Jaber Brother's Company to one of the subsidiaries (Shareholder and Board of Directors' member). The purpose of this loan is to provide enough cash to finance various investment operations for Moon Beach for Tourism Investment Company (subsidiary).

The loan agreement addendum was signed between the parties on May 6, 2017, which includes the following points:

- The interest rate and repayment terms shall be amended regarding the loan balance as of January 1, 2015 at JD 6,483,968 (six million four hundred eighty-three thousand and nine hundred and sixty-eight Jordanian Dinars) as agreed by the parties according to the following terms:

a. If the debtor / Moon Beach for Tourism Investment and / or any of the other companies within the Group of companies owned and / or controlled by Jordan Project for Tourism Development Company pays JD 3 million to the creditor / Abu Jaber Brothers Company in 2017, the creditor agrees to charge interest at a new rate of 5.5% as of January 1, 2018 on the balance of the loan after the payment of JD 3 million.

Moreover, the remaining debt balance shall be paid within two years in four equal installments, starting from the aforementioned payment date, in addition to the interest due. Accordingly, the first payment is due on June 1, 2018 while the remaining installments are due every six months on the due date of each installment until the loan is fully settled.

b. If the debtor / Moon Beach for Tourism Investments fails to fully pay the above amount of JD 3 million during 2017, the consequences shall be as follows:

- The creditor agrees to a new interest rate of 5.5% as of January 1, 2017 on the loan balance.

- The maturity date of the first installment of the loan principal and any accrued interest shall be amended, so that the first installment date shall be June 30, 2018, at an amount of JD 1,500,000 (one million and five hundred thousand Jordanian Dinars) plus accrued interest.

- The remaining amounts of JD 1,500,000 (one million and five hundred thousand Jordanian Dinars) plus accrued interest shall be paid every six months until full settlement.

- If the debtor fails to pay any installment on its due date, the remaining installments and undue amounts, including due interest, shall be deemed due and are to be repaid immediately.

- The interest rate and / or agreed compensation above is annual.

At the end of 2018, the Group signed an agreement with the shareholder to reschedule the shareholder's loan, so that the first installment is due on August 30, 2020, subject to the same conditions.

12. Tax

a. Income Tax Expense

This item consists of the following:

	For the Six-month Period Ended June 30,	
	2019	2018
	JD	JD
Accrued income tax for the profits of the period	76,001	6,181
Balance – End of the Period	76,001	6,181

b. Income Tax Provision

The movement on the income tax provision is as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Balance - beginning of the period / year	274,156	238,405
Accrued income tax on the profits of the current period / year	76,001	35,751
Balance – End of the Period / Year	350,157	274,156

c. Deferred Tax

The movement on the deferred tax is as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Balance - beginning of the period / year	-	440,099
Impairment of deferred tax assets	-	(440,099)
Balance – End of the Period / Year	-	-

d. Tax Position

Jordan Project for Tourism Development Company:

In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended June 30, 2019, as the Company incurred losses for the period. Moreover, the Company settled its taxes up to 2012 and 2014 while the years from 2006 to 2008 are still pending judgment by the Court of Appeal for Income Tax Cases. The Company also submitted its tax return /declared its income for the fiscal year 2013, and it has submitted its objection against the decision issued thereon. In addition, the Company submitted its tax return / income for the fiscal year 2014, but the Income and Sales Tax Department has not yet audited the Company's accounts nor issued its final decision thereon up to the date of the financial statements. Furthermore, the Company has not yet submitted its tax returns for the years 2015, 2016, and 2017 to the Income and Sales Tax Department. Furthermore, tentative draft financial statements have been submitted for the year 2018, which are still under audit. Furthermore, the Company is committed to submitting its sales tax returns up to date.

- Moon Beach for Tourism Investment

In the opinion of the Company's tax advisor, the income tax provision that should be calculated for the period ended June 30, 2019 is JD 10,995. Moreover, the Company settled its taxes up to 2014. In addition, the Company submitted its tax return for the fiscal year 2013, and subsequently its objection against the decision issued thereon. Meanwhile, the Company submitted its tax returns/declared its taxable income for the years 2015 until 2018. However, the Income and Sales Tax Department has not yet reviewed the Company's accounts nor issued its final decision up to the date of the financial statements. In this regard, the Company is committed to submitting its sales tax returns up to date, and it owes a declared tax balance of JD 1,439,756, excluding late payment penalties of 0.004 for each week of delay. Furthermore, the Income and Sales Tax Department- ASEZA seized the current accounts of Moon Beach for Tourism Investment on October 29, 2017, as the company did not pay its sales and income tax liabilities at that time. However, the company paid these liabilities through deferred checks. In the meantime, tentative draft financial statements have been submitted for the year 2018, which are still under audit.

- Golden Coast for Tourism Hotels

  In the opinion of the Company's tax advisor, the income tax provision to be calculated for the period ended June 30, 2019 is JD 23,506. Moreover, the Company settled its taxes up to 2012 and 2014, while the years from 2005 to 2007 are still in the initial assessment stage. In addition, the Company submitted its tax return for the fiscal year 2013, and subsequently its objection against the decision issued thereon. Meanwhile, the Company submitted its tax returns / income for the years 2015, 2016 and 2017. In addition, tentative draft financial statements for the year 2018 have been submitted and are still under audit. However, the Income and Sales Tax Department has not yet reviewed the Company's accounts nor issued its final decision up to the date of the financial statements. Furthermore, the Company is subject to a mandatory tax of JD 6,846, including JD 200 as penalty on the late submission of the tax return for the year 2016. In this regard, the Company is committed to submitting its sales tax returns up to date, and it owes a declared tax balance of JD 673,451, excluding late payment penalties of 0/004 for each week of delay. The Company has also paid its taxes by deferred checks.

- Aqaba Gulf Construction (Under Liquidation)

  The Company submitted its tax returns for the years from 2005 to 2010, and the Company owes tax amounts of JD 316,032, excluding penalties, not paid as of the date of the condensed consolidated interim financial statements.

- Sama Al Aqaba Company

  In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended June 30, 2019, as the Company is not operating. The Company also owes JD 200 as a penalty for not submitting its tax return for the year 2014. Furthermore, the Company is non-compliant as regards the submission of its income tax returns for the years 2015, 2016, 2017 and 2018.

- Tala Beach for Maintenance and Services

  In the opinion of the Company's tax advisor, there is no need to calculate an income tax provision for the period ended June 30, 2019, as the Company incurred losses for the period. Moreover, the Company settled its taxes up to 2014, and it owes a declared tax balance to the Income and Sales Tax Department of JD 15,109 excluding fines. In addition, the income tax returns for the years 2015, 2016 and 2017 have been submitted, but the Income and Sales Tax Department has not yet reviewed the Company's accounts nor issued its final decision up to the date of the financial statements. Meanwhile, tentative draft financial statements have been submitted for the year 2018, which are still audit.

- Amwaj Al Aqaba for Managing Projects and Logistics Services

  In the opinion of the Company's tax advisor, the income tax provision due for the period ended June 30, 2019 is JD 22,935. Moreover, the Company settled its taxes up to 2015, and submitted its tax return for the fiscal year 2017 within the accepted unaudited sample. In the meantime, the Company is non-compliant as regards the submission of its financial statements and tax return for the fiscal year 2016.

- Jordan Hotels Holding AG

  The Company did not take any tax provisions for the previous years and for the current year due to accumulated losses from previous years. In this regard, there are risks related to the adequacy of the Company's tax provisions arising from the Company's transactions with the Parent Company and the existence of potential direct cash flows between its subsidiaries and the parent company. Moreover, the final balance of the Company's tax liability cannot be predicted. In the opinion of the Company's management there is no need to calculate an income tax provision against it.

In the opinion of the Company's management and its tax advisor, the income tax provision booked as of June 30, 2019 is sufficient to meet any future tax liabilities.

13. Transactions and Balances with Related Parties

The details of the transactions and balances with related parties as of the consolidated financial statements date and during the period/ year are as follows:

a. Balance:	Accounts Receivable June 30, 2019	Accounts Receivable December 31, 2018	Accounts Payable June 30, 2019	Accounts Payable December 31, 2018
	JD	JD	JD	JD
United Insurance	12,641	6,813	225,867	136,319
Major shareholders			417,877	409,287
receivable	535,542	495,700		
	548,183	502,513	643,744	545,606
Less: Provision for expected credit loss	(400,000)	-	-	-
	148,183	502,513	643,744	545,606
Shareholder's loan	-	-	7,378,192	7,216,819
	-	-	7,378,192	7,216,819

* No guarantees on these balances have been received or submitted.

b. Transactions:

	Revenues For the six-month period ended June 30, 2019	Revenues For the six-month period ended June 30, 2018	Interest For the six-month period ended June 30, 2019	Interest For the six-month period ended June 30, 2018
	JD	JD		
Shareholder Loan	-	-	124,826	156,763
Zara for South Beach Development*	239,800	151,500	-	-
International corporation Company for Investments (ORYX)*	-	152,696	-	-
	239,800	304,196	124,826	156,763

* The Company is partially owned by a member of the Board of Directors.

- Transactions with related parties are priced within the normal commercial rates of the other customers.

- The salaries, bonuses, and benefits of the Company's executive management amounted to a total of JD 110,000 for the six-month period ended June 30, 2019 (JD 159,536 for the six-month period ended June 30, 2018).

14. Contingent Liabilities and Financial Commitments

a. Lawsuits

The Company is a defendant in labor and financial claims of JD 1,623,772 as of June 30, 2019 (JD 1,414,288 as of December 31, 2018). It is also a plaintiff in financial claims of JD 147,921 as of June 30, 2019 (JD 278,125 as of December 31, 2018). In the opinion of the Company's management and its legal advisor, there is no need to take any additional provisions for such cases.

b. Off-Consolidated Statement of Condensed Consolidated Interim Financial Position Items

As of the date of the condensed consolidated interim financial statements, the Company had contingent liabilities as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Bank guarantees	72,565	72,565
	72,565	72,565

c. Land Purchase Agreement with Aqaba Special Economic Zone Authority

On June 18, 2000, the Company signed an agreement with Aqaba Special Economic Zone Authority (ASEZA) to purchase a land located on the southern beach of Aqaba, which has been used for constructing, operating, and managing a comprehensive touristic project composed of tourist hotels with supporting facilities and touristic villages which include units, villas, residential apartments, and other related facilities and services.

The sale agreement imposes the following obligations:

1- The Company has to pay 1% (every two months) of the gross revenue generated from operating the hotels; restaurants; recreation centers; commercial, cultural, entertainment centers and the Marina.

2- The Company has to pay JD 2.15 for each square meter of the land sold to third parties for the construction of residential apartments and villas for sale.

3- According to the agreement signed with Aqaba Special Economic Zone Authority, there is a clause in the agreement restricting the Company from disposing of the land. Such restriction will be lifted once the construction phases of Talabay project are completed in accordance with the plans approved by Aqaba Special Economic Zone Authority, or the land is sold to other parties for the purpose of building hotels or other touristic or service projects.

The agreement signed with the Aqaba Special Economic Zone Authority (ASEZA) states that hotels owned by the Company or any entity that purchases, invests, or manages the hotel project shall pay 1% of the total revenues from operating the project facilities (hotels, restaurants, recreational facilities, and commercial centers as specified In the agreement (Q9/99), before deducting any expenses or costs of any kind, and shall be calculated and submitted to the Aqaba Special Economic Zone Authority every 60 days. In case of default, interest of 9 % is paid to the Aqaba Special Economic Zone Authority.

d. Agreement to secure the Royal Diving Center of Aqaba Economic Zone Authority

On July 5, 2001, the Company signed a guarantee agreement with the Aqaba Special Economic Zone Authority (ASEZA) concerning the undertaking of (investing in) the Royal Diving Center to establish an integrated diving village. In this regard, the Company uses the plot of land for the purpose of establishing and operating a touristic project, which constitutes an integrated diving center. The intended usage of the land is for the establishment, operation and / or management of a modern diving center, a tourist hotel, a cafeteria, a tourist restaurant, and shops.

The duration of this agreement is 49 years from the agreement date and is renewable upon the consent of the parties. The Company shall have the following obligations:

1. An annual fee of JD 50,000, payable at the beginning of each year (since the inception of this agreement), and payable on the beginning of the second year (after the inception of the agreement). The Company shall be exempted from payment of the Guarantee fees during the first year of this Agreement. The annual allowance is increased by 2.5% annually starting from the end of the fourth year of the agreement.

2. The Company is committed to submitting 10% of the total revenues from operating the restaurant and cafeteria and to paying 5% of the total revenues generated from operating the hotel and its facilities from the beginning of the operation of any of them.

3. The Aqaba Special Economic Zone Authority shall not bear any risk losses arising from the project operation failure.

4. The undertaking company shall allocate at least 4% of the project revenues for marketing and promotion purposes.

5. In the event of a delay in payment of any outstanding payments, interest is charged at 9% per year of the due amount.

6. During 2015, the Company signed a Memorandum of Understanding with the undertaking company to deal with all the financial planners. Moreover, initial agreement was reached on establishing a new joint company to manage the Royal Diving Club under the control of Jordan Tourism Development Company.

7. Jordan Union for Tourism Projects was established in 2015, and 60% of it is owned by the Company.

e. <u>Termination of the Oryx Hotel Management Agreement with the International Cooperation Company for Investment</u>

Jordan Projects for Tourism Development Company and Jordan Holding AG (Subsidiary Company) have terminated the Management Services Agreement with Oryx Hotel (The Hotel) owned by the International Cooperation for Investment and Tourism.

It was agreed that Jordan Projects for Tourism and Development Company shall pay JD 4,315,176, as penalties including the payment of the liability of the International Cooperation Company for Investment and Tourism to the banks in compensation for the hotel's operating losses, in addition to the expenses of renovating the hotel and settlement of the debts owed to the hotel suppliers and providers for the original contract period.

In addition to the above amount, the two parties agreed that Jordan Projects for Tourism Development Company may not claim any amounts due from the hotel to the Group of JD 778,428, in exchange of the termination of the hotel management agreement. Accordingly, the total liabilities of Jordan Projects for Tourism Development Company became JD 5,093,604, including JD 209,705, as a provision for expected credit losses. During 2017, a provision was taken for these liabilities, and during 2018, expenses of JD 247,392 related to the said settlement were recorded.

The two parties agreed to the followings:

Jordan Projects for Tourism Development Company shall sign the agreement for using the beach of Jordan Projects for Tourism Development and / or its subsidiaries for the benefit of the hotel for one complete year, in addition to transporting guests free of charge.

Jordan Projects for Tourism Development Company shall pay any outstanding liabilities that may appear later but were due from Oryx Hotel. As the agreement is based on the hotel's trial balance as of May 1, 2016, any differences and increases related to the debts owed to the suppliers and service providers as of May 1, 2016 shall be considered the responsibility of Jordan Projects for Tourism Development, provided that such liabilities do not exceed JD 100,000 at maximum.

Jordan Projects for Tourism Development shall provide the hotel with copies of all the contracts previously signed with travel and tourism companies and / or any other companies, and / or contracts that constitute commitments to others in the future.

Jordan Projects for Tourism Development Company undertakes not to receive any amounts and / or checks and / or payments from any third party from the date of signing the agreement, and also undertakes to deliver any payments received during March to Oryx Hotel directly.

Jordan Projects for Tourism Development Company shall collect any amounts the hotel cannot collect from others. In the event that it is unable to collect them, Jordan Projects for Tourism Development shall pay those amounts to the hotel.

The hotel undertakes to raise its capital to JD 16,333,320, and to register one million shares of the shares of the International Cooperation Company for Investment and Tourism in the name of the second party (Jordan Projects for Tourism Development) after fulfilling all the terms of the management service termination agreement of Oryx Hotel entered into and agreed upon by both parties.

Up to June 30, 2019, the Company paid JD 185,620 based on this agreement.

15. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in raising funds to meet its obligations.

The Company's liquidity position as of the date of the condensed consolidated interim financial statements was as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Current Assets	25,882,518	25,892,221
Less: Current Liabilities	(33,771,721)	(43,475,476)
(Deficit) in Working Capital	(7,889,203)	(17,583,255

The Group's quick ratio through comparing cash and banks balances, and accounts receivable, excluding deferred revenues as of the end of the period / year is as follows:

	June 30, 2019	December 31, 2018
	JD	JD
Cash on hand and at banks	361,956	627,101
Account receivable- Net	3,119,766	1,953,098
Other debit balances	484,497	811,848
Total	3,966,219	3,392,047
Current liabilities excluding deferred revenue	32,635,548	43,190,476
Quick Ratio	12%	8%

The Company's plan to resolve its liquidity deficit is illustrated in Note (16) below.

16. (Accumulated losses) Management Future Plan

The Group incurred losses of approximately JD 1,233,116 for the six-month period ended June 30, 2019 (JD 1,705,957 for the six-month period ended June 30, 2018). Moreover, the accumulated losses amounted to approximately JD 20.9 million as of June 30, 2019, which equals 68% of the Company's paid-up capital (The accumulated losses amounted to approximately JD 19.6 million as of December 31, 2018, which equals 64% of the Company's paid-up capital). In addition, the Company's current liabilities exceeded its current assets by approximately JD 7.9 million as of June 30, 2019 (approximately JD 17.6 million as of December 31, 2018). The Group also has a deficit in liquidity for it to meet its short-term liabilities (Note 15), as well as loans and interest due to creditors. Moreover, the accumulated losses of some subsidiaries have also exceeded their paid-up capital. The following is a description of the Group's future plan, and therefore, the condensed consolidated interim financial statements have been prepared on the going concern basis.

The Company's management developed a future plan which has been approved by the Board of Directors. The plan can be summarized as follows:

a. Increasing the Group's paid-up capital by JD 40 million during the year 2019 for developing and preparing the infrastructure of the lands owned by the Group to attract new investors to develop residential and trading projects, in addition to establishing new hotels and other entertainment investments. Several parties have been addressed in this regard, and the prospects are positive.

b. Focusing on developing the hotel sector through attracting new markets from Europe, such as the Polish, Slovakian, and Romanian markets, in addition to minimizing the operating expenses.

c. Constructing Stage (6) of the residential buildings after designating 6 acres of the beach area owned by one of the subsidiary companies. In this connection, 41 residential units will be built in this project after all related studies have been completed. Moreover, there is an increased demand on those units in Tala Bay.

d. Rescheduling two of the Group's outstanding loans over a period that ranges between 6 to 8 years. The Group is currently rescheduling its third loan at the same interest rates, and seeks to obtain a bridge loan until the capital increase procedures have been completed. This would enable the Group to manage its cash flows optimally and reschedule the amounts payable.

e. The Group is studying the establishment of desalination projects, alternative energy projects, renewable energy and solar energy, and is working with several specialized companies in these fields.

17- Fair Value Hierarchy

The Company's management believes that the book value of the financial assets and financial liabilities approximates their fair value.

18. Effect of Prior Period Adjustments

During the period ended June 30, 2019, the Company restated comparative figures for the six-month period ended June 30, 2018 according to IFRS (9) requirements. This restatement has affected the condensed consolidated interim statement of changes in shareholders' equity for the six- month period ended June 30, 2018 through adjusting the opening balance of accumulated losses. The restatement was considered as an accounting misstatement within IAS (8). Moreover, the restatement of comparative figures has not had any impact on the income for the six-month period ended June 30, 2018.

The new methodology and system applied by the Company to account for the expected credit losses for financial statements items of the subsequent period for the year 2018 is the reason for the restatement of comparative figures, taking into account the effect of the initial implementation of IFRS (9).

The effect of adjustments for December 1, 2018 is as follows:

	January 1, 2018		
	Balance before Restatement	Effect of Restatement	Restated Balance
	JD	JD	JD
Statement of financial position			
Shareholders' equity			
Accumulated losses	(12,540,955)	(849,046)	(13,390,001)